

Message Text

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60

ACTION ARA-20

INFO OCT-01 ISO-00 FEA-02 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 DRC-01 /178 W

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R 081740Z AUG 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 7759

LIMITED OFFICIAL USE SAN JOSE 3004

E.O. 11652: N/A

TAGS: ETRD, CR

SUBJECT: INVENTORY OF COSTA RICA TRADE PROBLEMS

REF: STATE 167283

1. EMBASSY CONCURS WITH BASIC LIST OF TRADE PROBLEMS AS SET FORTH IN REFTEL. DEPARTMENT SHOULD AMEND ENTRY UNDER PARAGRAPH 3.B.1., BANANAS, TO INCLUDE THE FOLLOWING INFORMATION: BANANA EXPORT TAX: COSTA RICA, IN CONCERT WITH OTHER BANANA PRODUCERS, AGREED TO IMPOSE AN EXPORT TAX ON BANANAS. THE TAX OF ONE DOLLAR PER BOX WAS PROMULGATED ON APRIL 29, 1974. A TAX OF 25 CENTS PER 40 POUND BOX IS CURRENTLY BEING COLLECTED. AT THE END OF THE CALENDAR YEAR, AN ADDITIONAL AMOUNT OF TAX WILL BE COMPUTED AND COLLECTED ON ALL BOXES SHIPPED UP UNTIL THAT TIME. THIS ADDITIONAL LEVY WILL BE BASED ON THE AVERAGE JOBBER'S PRICE OF THE BANANAS. IF THAT PRICE STAYS BELOW \$4.50 THE ADDITIONAL LEVY WILL AMOUNT TO ZERO. IF IT IS ABOVE THAT LEVEL THE ADDITIONAL TAX WILL BE COMPUTED ON AN UPWARD SLIDING PERCENTILE SCALE. UNDER THIS FORMULA IT IS ESTIMATED THAT THE AVERAGE TAX PER BOX WILL EQUAL 50 CENTS.

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2. THE DPEARTMENT MAY WISH TO INSERT AN ADDITIONAL ENTRY UNDER

PARAGRAPH 3.C., TRADE PROBLEMS WITH OTHER LATIN AMERICAN COUNTRIES,
TO READ AS FOLLOWS: COSTA RICA HAS TO DATE MAINTAINED A CHRONIC
BALANCE OF TRADE DEFICIT WITH THE CENTRAL AMERICAN COMMON MARKET.
THE TREND IS FOR A LESSENING OF THIS DEFICIT AND THE COSTA
RICANS HOPE TO REVERSE IT BY THE END OF 1975.

3. UNDER PARAGRAPH 3.A-1. TEXTILES, THE FOLLOWING SHOULD BE
ADDED: COSTA RICA'S PLANNED RAPID BUILD-UP OF DRAW-BACK EXPORTS
MAY WELL CAUSE PROBLEMS IN THE NOT-TOO-DISTANT FUTURE.
LANE

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Message Attributes

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